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Demand for farm products in the U. S. continues strong but export demand has dropped sharply.

From July through September, first 3 months of the 1952-53 fiscal year, the value of farm products sold abroad was down nearly a third from the same period of 1951-52. Most of the decline was due to increased supplies abroad and continued shortages of dollars in some countries.

Sharpest drops were in wheat and cotton, our main export commodities. Exports of wheat and flour in July-September were about a third below a year earlier. Total for year also is expected to be about a third below the 474 million bushels shipped abroad in 1951-52. The world wheat crop is a record this year and supplies are larger in importing as well as in exporting nations.

Cotton exports also were down sharply but the rate is expected to increase during the next few months. Total for 1952-53 is expected to be around a fourth below last year's high 5.5 million bale figure. Main reasons for the decline are prospects for larger supplies and smaller consumption abroad and the decline in prices of some foreign cotton.

Record economic activity in the closing months of 1952 is keeping demand strong in U. S. Industrial production is highest of the postwar period, employment is rising, incomes are at record levels. The total spent by consumers, business and the government is at a new high.

Despite strong U. S. demand, prices of farm products have trended downward this fall. Most of the weakness is due to the record quantity of products being marketed and the drop in export demand.

LIVESTOCK AND MEAT Hog producers this year marketed a larger proportion of the spring crop before the Christmas-New Year holidays than last year. Since the 1952 spring crop was 9% smaller than the 1951 crop, considerably fewer hogs will be available for sale in early 1953 than a year earlier. This points to rising prices this winter.

A sharp reduction in hog production during 1953 was indicated by December estimates. The number of pigs saved this fall was down 11 percent from the fall of 1951. Furthermore, farmers' intentions indicate that the 1953 spring crop would be 15 percent smaller than last spring's.

More lambs have been sold for slaughter and fewer are being fed than last winter. Prices may strengthen seasonally.

Despite less lamb and pork, increased slaughter of cattle will keep meat production this winter higher than a year earlier. A large number are on feed this season and prices for medium and higher grade fed cattle probably will decline seasonally. Some increase may occur for lower grade cattle by late winter.

DAIRY PRODUCTS Mild weather and heavy feeding of concentrates kept milk production from declining as much as usual this fall. In November, output was 2% above a year earlier and only slightly below the peak for the month reached in 1944.

With production down less than seasonally, more milk has been available for manufacturing. Output of most manufactured items is above a year ago and prices have declined. USDA is buying butter in volume under its price support program for the first time in about 2 years. Purchases of nonfat dry milk continue above a year earlier. However, cheese prices remain a little above the USDA buying price.

POULTRY AND EGGS Fewer eggs are likely to be produced next spring than in the same period a year ago. The number of layers and pullets not yet of laying age in December was 4 percent less than a year earlier. Although some increase in the number of eggs laid per hen is expected, it is not likely to be large enough to offset the reduction in the laying flock.

Broiler prices declined in the month ending in mid-December but in specialized areas still are higher than in most of 1952. One result is that chick placements have been boosted well above the level of late 1951.

FATS AND OILS Wholesale prices of fats and oils in December averaged about the same as in November but about a tenth below a year earlier.

FEEDS Corn prices strengthened in November and the first half of December after making about the usual seasonal decline this fall. A further rise is expected as corn is used up or placed in storage under the support program.

The last crop report of the year indicated that the total supply of all feed concentrates for 1952-53 is about 168 million tons, 2 percent less than last year. The supply per animal unit is about the same as in 1951-52.

WHEAT AND RICE The largest world wheat crop on record is expected for 1952-53. The 7.24 billion bushels estimated for this season is 12% above 1951-52. Sharpest increase is expected in North America where the U. S. had the third largest crop on record and Canada its largest. Importing countries also have increased supplies and world trade in 1952-53 probably will be a tenth below 1951-52.

Conditions on December 1 pointed to a winter wheat crop of 611 million bushels, 42 percent smaller than the 1952 crop and almost a fourth below average. Acreage in the crop was relatively large—55.4 million compared with 55.9 million a year earlier. But because of the drought last summer and fall, yields were indicated at only 11 bushels per seeded acre compared with 18.8 in 1952.

A record world rice crop also is in prospect. But in contrast to the situation for wheat, supplies are still inadequate to meet the need of importing countries. Foreign demand for rice from the record U. S. crop exceeds exportable supplies and export allocations have been established.

The U. S. produces less than 2 percent of the world's rice but is now the third largest exporter. Before the war, the U. S. was in eighth place.

FRUIT The 1952-53 orange crop will be up 3 percent from last year, the lemon crop up 2 percent and the grapefruit crop down 5%, according to December 1 prospects. Orange prices are expected to decline somewhat in January, then rise seasonally as movement to processors increases.

Further increases in prices of pears and apples are probable. Demand is strong and stocks are smaller than a year ago.

VEGETABLES Early reports indicate that supplies of fresh vegetables will be generally larger this winter than last, if the weather is average. If so, prices are likely to be below those of a year earlier.

Stocks of canned and frozen vegetables total well above a year earlier. Retail prices are expected to change little from current levels.

The late crop of potatoes amounted to 281 million bushels, 30 million more than a year earlier. Prices in mid-November averaged well above a year earlier but prices this winter and spring are expected to be substantially below the record levels of the spring and summer of 1952.

COTTON Exports of cotton have been running below a year earlier so far this season; total for 1952-53 is expected to be slightly above 4 million bales compared with 5.5 last season. Prospects for increased supplies and slightly smaller consumption and the decline in prices of some foreign growths are the main reasons for expecting smaller exports.

WOOL Prices to U. S. wool producers have changed little for several months and have been below the national loan value of 54.2 cents per pound since the program became effective April 1. In Australian markets, prices have trended slowly upward most of the time since reaching a low point last March.

TOBACCO Auction prices this fall have been running below a year ago—Burley is down 2 $\frac{1}{2}\%$ flue-cured 3% and fire-cured, 9%, dark air-cured 6%.

Tobacco leaf exports in January-October totaled nearly one-fourth less than in same months of 1951. A 75 drop in exports to the United Kingdom accounted for much of the total decline.